



**MICHIGAN
POVERTY
LAW
PROGRAM**

MPLP
220 EAST HURON
SUITE 600A
ANN ARBOR, MI
48104

PHONE:
(734) 998-6100
Ext. 117

FAX:
(734) 998-9125

WEB:
www.mplp.org

EMAIL:
lruby@mplp.org

Written Testimony of Lisa Ruby
on behalf of the Michigan Poverty Law Program

Michigan Competitiveness Committee
Hearing on SB 897

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Chairman Shirkey and members of the Michigan Competitiveness Committee, my name is Lisa Ruby. I am the public benefits attorney at the Michigan Poverty Law Program (MPLP). The Michigan Poverty Law Program is the statewide support center for Legal Services programs in Michigan. As the public benefits attorney at MPLP, I provide research, training, and litigation support to Legal Services offices statewide and engage in legislative and administrative advocacy. In providing support to attorneys throughout the state, I regularly come in contact with those working with recipients of food, medical and cash assistance and am familiar with the challenges these families face on a daily basis. I am here to express a few of my concerns with the proposed bill and why it will negatively impact Michigan residents.

• **Good health leads to employment**

Michigan expanded Medicaid in April, 2014. Since that time, about 680,000 Michigan residents have gained access to primary care, preventive screenings, dental care and care for chronic conditions. Access to regular medical care, especially for those with chronic conditions, has created a healthier population with better opportunities to engage in employment. Good health is the foundation that leads to employment and education; requiring employment in order to access health care will not lead to a healthier population but will have the opposite result. Denying health coverage to people who are too sick to work is not an incentive to finding employment; it is a punishment for illness. The proposed exemptions do not help people who have



conditions that respond to treatment. They are not seeking disability benefits and want to enter/re-enter the workforce. Regular and reliable health care allows them to produce and participate in society.

- **Denied treatment, chronic conditions lead to unemployment**

Prior to Medicaid expansion, individuals with disabling conditions were denied health benefits until they could meet Social Security's definition of disability. Without access to health care, these conditions were exacerbated. Over time, their health deteriorated and eventually they met the disability criteria. This outcome was preventable. If they would have had access to a medical home, their health could have improved and they could have joined the workforce. This is the past we will return to if work requirements are instituted. Individuals suffering from treatable conditions like anxiety, depression, arthritis, lupus, diabetes, migraines, even eczema, cannot maintain their health without a doctor's care and prescription medication. Common health problems will become overwhelming, leading to missed work and unemployment. This does not further the purposes of Medicaid.

- **Cost to the state**

The Michigan Department of Health and Human Services (DHHS) administers the Medicaid program. It will be required to redesign its software program, Bridges, in order to accommodate the proposed changes to Medicaid eligibility. Reporting and verification will become more cumbersome, especially for small business owners and individuals with fluctuating hours. Significant administrative resources and IT system redesign will be needed to implement and support ongoing operations of the proposed work requirements and penalties. DHHS is already struggling to stay within its budget with the implementation of the second phase of the Healthy Michigan Plan, requesting \$6 million to cover six months of costs in 2018 alone. Implementing the requirements of this bill will be more complicated, as it requires a completely

new system of verifying eligibility and exemptions. Software will need to be built for another administratively complicated system that will exempt certain individuals while approving others based on community engagement. This will tax an already overburdened IT department, or require paying an outside vendor to create a new system. These additional costs would be worth it if they led to an increase in Medicaid enrollment, but it is clear that the requirements in this bill are targeted toward reducing enrollment.

Conclusion

The proposed legislation does not empower or incentivize Michigan residents to improve their health. Good health is a reward on its own, and access to medical care is the tool that permits this outcome. Work requirements serve only to remove individuals from Medicaid. The state will save money as Medicaid enrollment is reduced, but there will be a toll on families and communities. Community engagement, including employment, can lead to better health outcomes, but this legislation is putting the cart before the horse.

Thank you for the opportunity to submit these comments. Please contact me if you have any questions.

Lisa Ruby
Staff Attorney